

Approved For Release 1

1 of 1
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Economic Intelligence Weekly

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ECONOMIC INTELLIGENCE WEEKLY**18 December 1974**

World Grain Outlook Worsens	3
The Decline of Sterling: Causes and Implications	5
US Gold Auction Announcement: Foreign Reactions	7
Textile Industry: Casualty of the Recession	9
Rhodesian Chrome: Moderate Effects of a Renewed US Embargo	11
US Coal: Rising EC Demand	13
Publication of Interest, Statistics	

Overview

The Reflationary Program Chancellor Schmidt has been heavily promoting at home and abroad has been sent to the Bundestag. Contrary to government claims, the program will add little to the stimulants already scheduled. Public spending will increase by \$700 million, and a 7-1/2% subsidy worth about \$250 million will be paid on private investment made in December. A similar subsidy for investment in the first half of 1975 will not be paid until 1976. Given the poor sales outlook, the German business community doubts that these measures will stimulate investment as much as Schmidt anticipates.

World Sugar Prices have tumbled 35% in the last three weeks, as the market began to correct its overreaction to speculative purchases and adverse crop reports. Little trading is actually taking place. Buyers await further declines, and producers are generally reluctant to sell, apparently hoping that prices will rebound. Prices probably will move erratically over the next few months, with the general trend downward.

Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed.

25X1

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All Caribbean Bauxite Producers have now adopted the Jamaican tax formula. Haiti on 2 December pressed settlement on Reynolds. The Dominican Republic has reached a settlement with Alcoa. Meanwhile, Kingston is backing off slightly in its tax demands in second-round negotiations with aluminum companies. Elsewhere in the Caribbean, Guyana is moving to nationalize the Reynolds' operation by yearend.

Foreign Demand for US Ferrous Scrap in 1975 is not expected to substantially exceed the US quota levels of 1974. In the absence of export quotas, some inventory rebuilding by Japan and slight import boosts by Canada and Mexico would be largely offset by softening demand for scrap in Western Europe. China, a newcomer to the US scrap market, could more than double its purchases to 500,000 tons in 1975. This increase would amount to only 5% of US scrap exports authorized for 1974.

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Articles

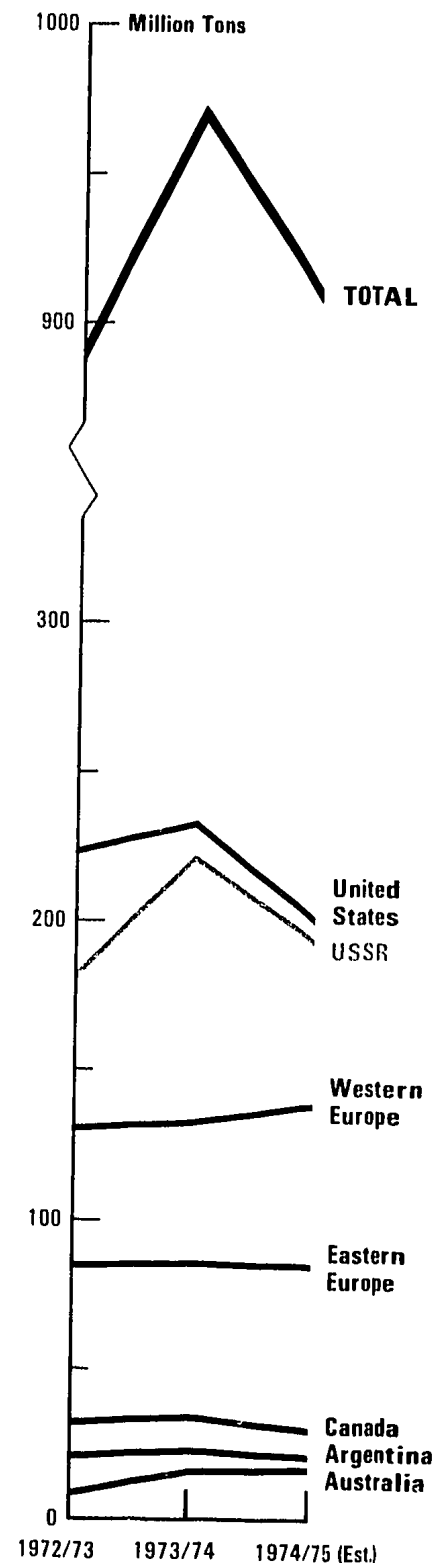
WORLD GRAIN OUTLOOK WORSENS

The world grain outlook has darkened even further the past two months. We now forecast production (excluding rice) at 910 million tons in 1974/75—a 6% decline from 1973/74 instead of the 4% decline anticipated in early October. This revision is due to short corn harvests in the United States, Western Europe, and the USSR. Grain consumption also will drop, although not as much as production. As a result, stocks are expected to fall by 20 million tons from mid-1974 to mid-1975, with most of the drop occurring in US holdings.

Wheat

World import demand for wheat (excluding intra-EC trade) is estimated at 64 million tons for 1974/75, up 3 million tons from the estimate of two months ago and 2 million tons above exports in 1973/74. The increase reflects larger-than-expected purchases in recent months by the USSR, South Asian countries (especially India), and the newly affluent Middle East states.

We estimate world wheat production will fall by 20 million tons, or 5%, in 1974/75. The USSR, Canada, and Argentina will suffer the largest declines, while US and European production will be higher. World supplies available for export (excluding intra-EC trade) could amount to as much as 64 million tons, if the United States and Canada maintain their exports near the 1973/74 level by drawing down stocks to new lows. Argentina and Australia will be able to expand wheat exports on the strength of good harvests and/or ample carryover stocks from 1973/74. Exports from Western Europe, primarily the EC, are unlikely to increase much, because more wheat will be fed to livestock.

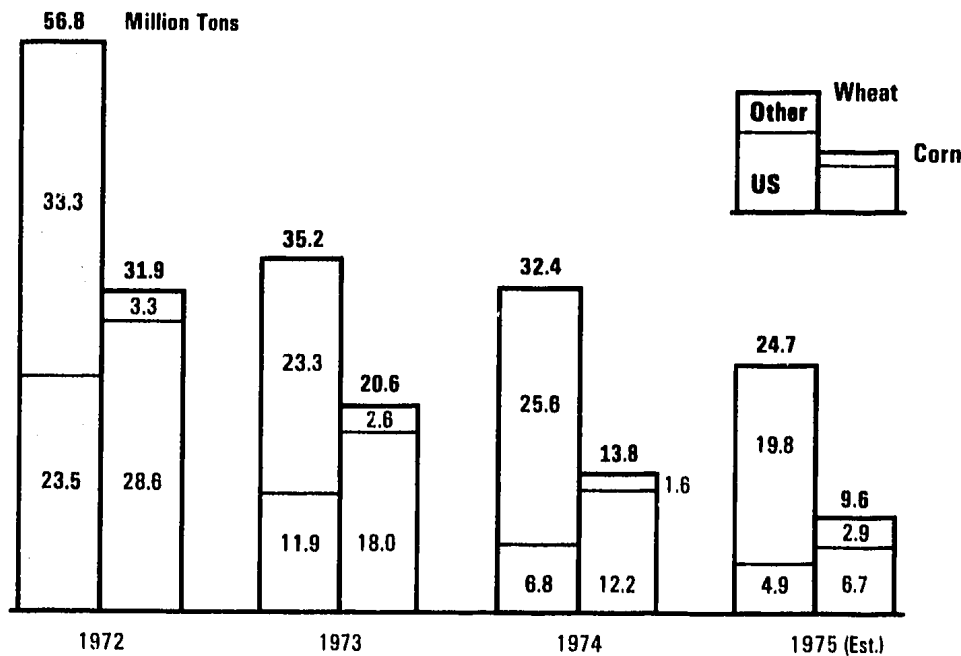
World Grain Production¹¹Excluding rice

564876 12-74

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Foreign demand for US wheat and flour is forecast at the 1973/74 level of 31 million tons. This level of exports would reduce US stocks by one-fourth, to a new low of 5 million tons—only 3-1/2 months of domestic supply.

Ending Grain Stocks of Major Exporters¹



¹Wheat stocks as of 30 June for the United States, Argentina, Australia, and the EC.
Corn stocks as of 30 September for the United States; 30 April for South Africa;
31 March for Argentina; and 31 December for Thailand.

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Feedgrains

The feedgrain situation also has worsened in the past two months, especially for corn. Prospects for 1974/75 deteriorated with a cut of 17.5 million tons in the estimated corn crop of the United States, the largest producer and exporter.

Even greater pressure on corn supplies will be avoided only because total import demand will drop by an anticipated 15%, to 36.7 million tons. The decline will stem from high corn prices, depressed demand for livestock products, and substitution of wheat for corn in livestock feeding in the EC. The EC is expected to feed at least an additional 2 million tons of wheat to livestock this year.

Meeting the projected import demand will mean a further drawdown of US stocks and higher prices. We estimate export demand for US corn at 23.5 million tons, down 8 million tons from 1973/74. Exports of this size would imply a 15% cut in US domestic consumption and a 45% reduction in carryover stocks to less than 7 million tons, a rock-bottom reserve equal to 3 weeks' consumption.

Continuing Uncertainties

Major uncertainties remaining in the world grain market include:

- transport problems in Canada, Argentina, and South Africa;
- decisions of the Canadian Wheat Board on drawdowns of wheat stocks;
- the amount of wheat substituted for corn in livestock feeding in the EC;
- the extent of the decrease in US grain consumption;
- decisions on additional commercial grain purchases by India;
- availability of new financial aid to LDCs for grain purchases; and
- purchasing policies of oil-rich Middle East countries.

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THE DECLINE OF STERLING: CAUSES AND IMPLICATIONS

The pound declined sharply against most major European currencies last week in the wake of Saudi Arabia's announcement that it would no longer accept sterling payments for oil.

The impact of the Saudi action, which affects about \$450 million in payments monthly, was reinforced by the report of a record \$1.2 billion UK trade deficit for November. Growing uncertainty about the pound could induce other OPEC members to reduce their sterling investment, which would:

- make it much more difficult for the British to finance their massive current account deficit without raising interest rates to unacceptable levels;

- put substantial upward pressure on the West German mark and Swiss franc, two alternative currencies for OPEC investment, and possibly tempt both Bonn and Bern to impose additional exchange controls; and
- result in greater OPEC investment in dollar-denominated assets.

Attitude of Oil Producers

British and Saudi officials maintain that the change in payments does not imply an end to Saudi investment in sterling.

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Until recently, sterling has accounted for 13% of Saudi foreign assets. Other oil producers, including Kuwait, a major holder of pounds, may also decide to limit future sterling investment.

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Implications for the United Kingdom

OPEC countries invested more than \$4 billion -- 12% of their total investment -- in sterling-denominated assets during the first nine months of 1974. This was adequate to finance more than 60% of the UK's huge current account deficit and enabled London to avoid substantial dollar borrowing.

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Investment in Marks and Swiss Francs

As the sterling share of OPEC investments declines, the share of assets denominated in marks, Swiss francs, and dollars will rise. The additional upward pressure on the mark and franc might induce Bonn and Bern -- both worried about domestic economic conditions, particularly the competitive position of their exports -- to impose additional exchange controls. To the extent the West Germans and Swiss succeed in discouraging OPEC investment, even more oil money will flow into dollar-denominated assets, both in the United States and in the Eurodollar market.

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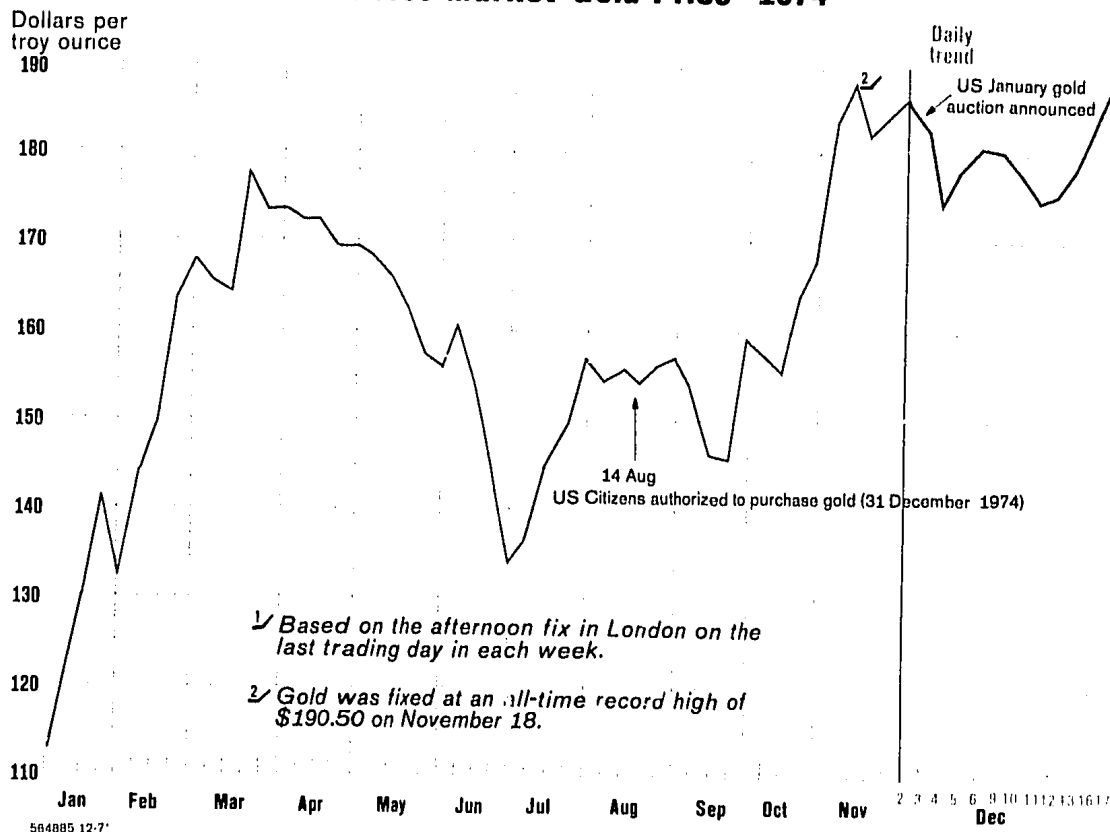
US GOLD AUCTION ANNOUNCEMENT: FOREIGN REACTION

The reaction of the major gold producers to the recent announcement of a US gold auction on 6 January has so far been low-keyed. South Africa and the Soviet Union could restrain supply sufficiently to offset the impact of US sales, scheduled at 2 million troy ounces.

South Africa has announced it plans no special action as a result of Washington's decision. Pretoria has left open its option to reduce sales should the price fall appreciably; in general, it probably will continue to sell enough gold to cover foreign exchange needs. South African sales thus far in 1974 have totaled about 720 tons (23 million ounces), compared with 822 tons in 1973. Gold sales in 1975 should be about the same.

The Soviet Union has not indicated how it will react to the US auction. Moscow traditionally has sold gold only to cover foreign exchange requirements. In 1974, however, the Soviets sold about 91 tons in spite of their foreign exchange

London Free Market Gold Price¹ 1974



surplus. Moscow now apparently enters the market when prices are rising and withdraws when they are declining. The USSR could afford to withhold gold from the market in 1975 and is likely to do so should prices weaken substantially.

European reaction to the US decision has been mildly critical. Some governments were probably disturbed by the lack of consultation. Many are concerned that the January sale may drive the gold price down and keep it depressed. This would reduce the value of their gold in helping finance payments deficits. Italy has already pledged a portion of its gold holdings against a \$2 billion loan from West Germany.

The US auction will cushion the impact of the previously announced removal of US restrictions on private ownership of gold. The longer term effect of the January sale, and of possible further US sales, depends on such factors as:

- the actual level of US demand for gold for speculation and hoarding,
- the extent to which the present price already reflects new US demand,
- and

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- the market strategies of major gold producers – South Africa and the USSR.

Gold was fixed at \$188.50 per troy ounce in London yesterday afternoon, up \$2.75 from 2 December, the day before Treasury Secretary Simon announced the US auction. The sharp increase over Monday's price of \$183.00 is partly attributable to the accord between the US and French Presidents to allow official Central Bank gold holdings to be calculated in the future at current market prices.

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TEXTILE INDUSTRY: CASUALTY OF THE RECESSION

The world economic slump has hit the textile industry particularly hard. Massive lay-offs in the industry -- one of the largest employers of labor in most economies -- have added to the demand for expansionary policies. Competition for shrinking markets has intensified pressures for tighter controls on textile imports.

Textile production in Canada, West Germany, and the United Kingdom has declined about 10% from last year's peak, while in Japan output has dropped 20%. Layoffs in the industry include:

- West Germany, more than 95,000 workers since mid-1973, including 56,000 workers in 1974, or 17% of the increase in unemployment this year.
- The United Kingdom, 28,000 workers this year through August, or 18% of the increase in industrial unemployment.
- Canada, more than 10,000 workers from mid-1973 through September 1974, or 15% of the increase in unemployment during that period.
- Japan, about 20,000 full-time workers and 50,000 part-time workers this year through November.

Because the textile industry includes a large number of small, financially weak firms and employs a huge labor force, governments in most industrial countries have come under strong pressure to provide special assistance. Japan is providing

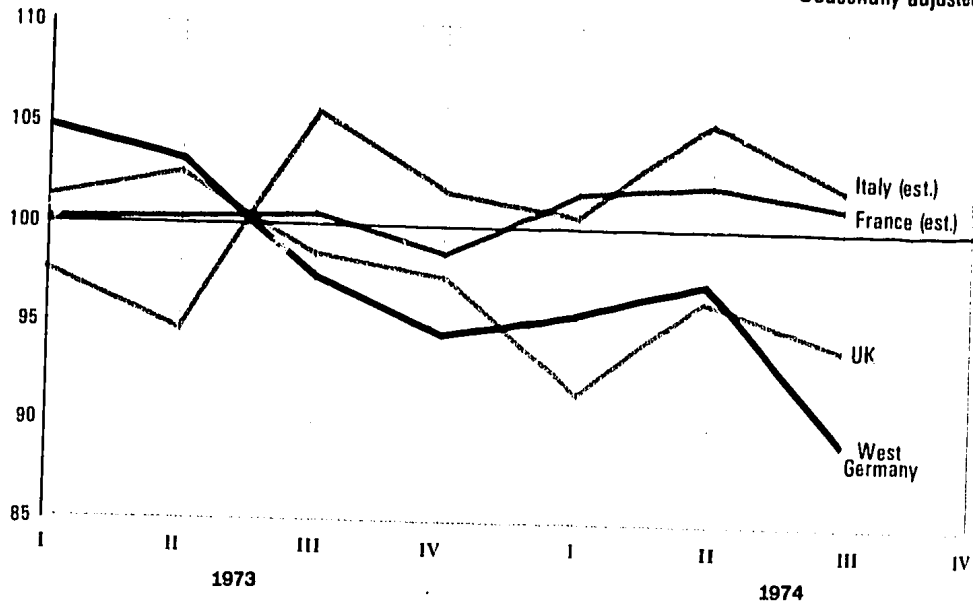
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DEVELOPED COUNTRIES: Trends in Textile Production

Indexes: 1973 quarterly average=100

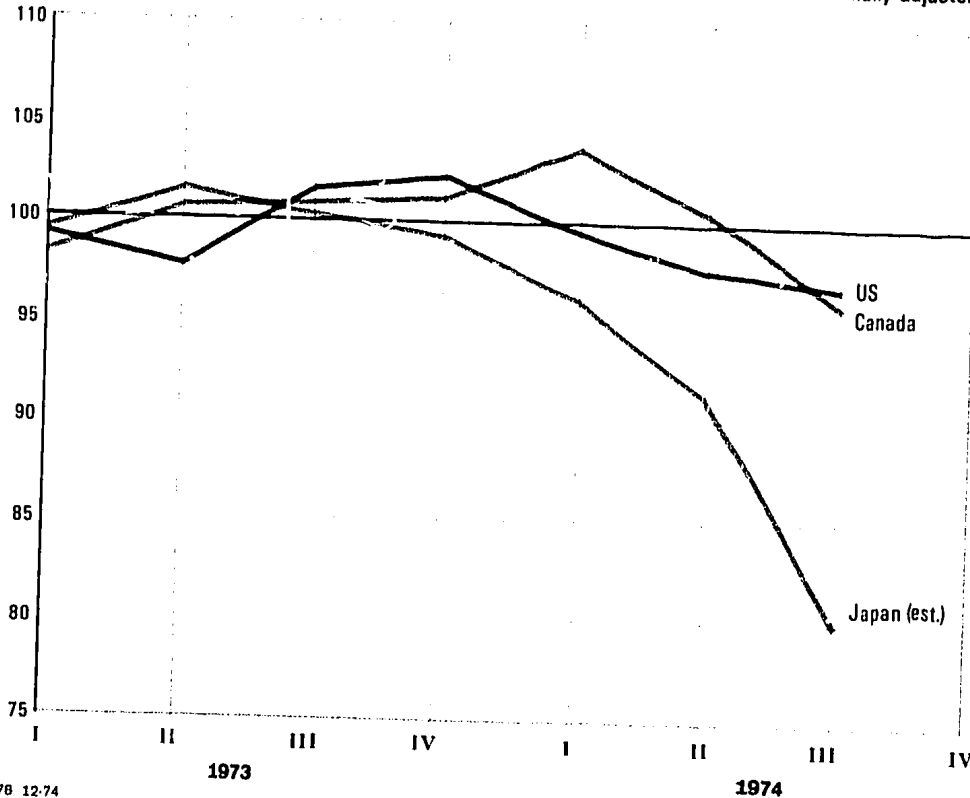
EUROPEAN COUNTRIES

Seasonally adjusted



OTHER COUNTRIES

Seasonally adjusted



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several hundred million dollars in low-interest loans to the textile industry in addition to special government subsidies for unemployment compensation for textile workers. Most other industrial countries have introduced similar programs.

Australia has moved to tighten import restrictions on textiles. Japan, Canada, and most West European countries are closely watching imports with an eye to imposing new controls.

Developing countries that are major textile exporters such as South Korea and Taiwan have suffered from the sag in demand in industrial countries. Last year, LDC textile exports totaled nearly \$8 billion, about a third of exports of manufactured products. This year, South Korean textile exports, which accounted for about 30% of overseas sales in 1973, have dropped sharply in volume terms since mid-year because of cutbacks in Japanese and US purchases. Taiwan's textile industry, which also provides about 30% of exports, has reportedly idled about half its productive capacity because of the slack volume of exports, which absorb the bulk of output.

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RHODESIAN CHROME: MODERATE EFFECTS OF A RENEWED US EMBARGO

Renewed US adherence to the UN embargo of Rhodesian chrome would not cause lasting supply problems, assuming that other major importers continued to ignore the embargo and that the United States were willing to buy ferrochrome from them. Prices presumably would be under additional upward pressure during the transition to alternative sources.

The United States imports one-third of its ferrochrome supply and all the metallurgical chrome ore needed for domestic production of ferrochrome. If the United States again embargoes Rhodesia—as is being discussed in the Congress—other sources would have to be found for 11% of its ore imports and 33% of

US Chrome Imports - 1973

**Chrome Ore
(High Grade)**
383,000 Tons
\$11.3 Million

USSR 53%
Turkey 22%
Rhodesia 11%
South Africa 9%
Others 5%

Ferrochrome
155,600 Tons
\$35.2 Million

South Africa 35%
Rhodesia 33%
Japan 7%
Finland 6%
Sweden 5%
Others 14%

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its ferrochrome imports. In 1975 the US requirement for replacing about 40,000 tons of Rhodesian ore could readily be met by the USSR, already the source of about one-half of US imports.

Over the long term, the United States will either have to accept substantial amounts of Soviet ferrochrome or rely more heavily on other countries for ore and ferrochrome. The USSR recently informed the United States of its intention to phase out exports of ore by the end of 1980 and to supply only ferrochrome. Moscow is negotiating with US, West European, and Japanese firms for the construction of ferrochrome plants in the USSR, with repayment to be made in ferrochrome exports. If negotiations are successful, the USSR will become one of the world's largest ferrochrome producers.

The US need to acquire about 50,000 tons of ferrochrome annually from non-Rhodesian sources would only temporarily disturb the world market balance, provided that the United States were willing to buy from countries evading the embargo. Enforcement of the embargo has been difficult because the national origin of ferrochrome is hard to trace:

- European firms that handle a large part of world ferrochrome trade are in a position to rechannel or obscure the true origin of Rhodesian exports.
- South African production of ferrochrome is based in part on mixtures of imported Rhodesian ores and lower grade domestic ores.

US import prices for high-carbon ferrochrome have more than tripled during the past 11 months, to 85 cents a pound (c.i.f.). Prices for imported metallurgical-grade chrome ore have almost doubled over the same period. These jumps reflect the failure of chrome ore production to keep up with the growing demand for stainless steel, which has a chromium content of up to 23%.

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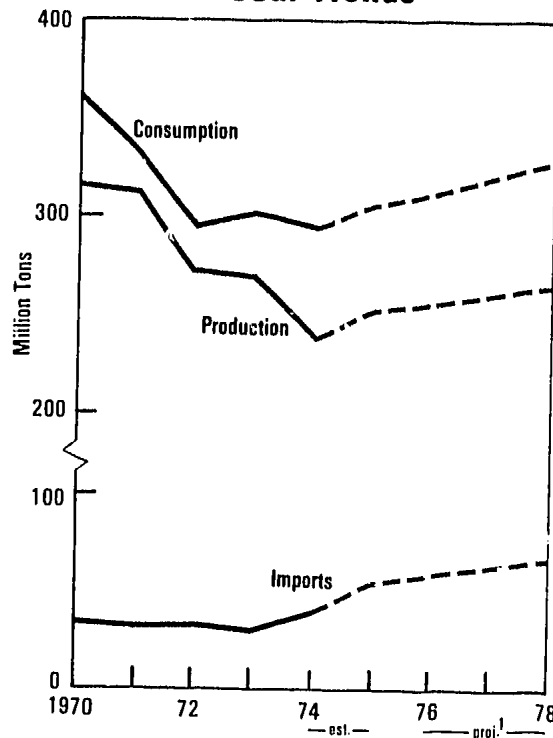
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US COAL: RISING EC DEMAND

EC demand for US coal will continue to shoot up over the next year.

Despite a 30% jump in coal imports in 1974, EC countries have been forced to draw heavily on stocks to offset a fall in domestic output. Pithead stocks now stand at about 7 million tons, down from 24 million tons at the beginning of the year. Coal demand in 1975 should rise at least 4% above the depressed level of this year with the return to a normal workweek in the United Kingdom and the substitution of coal for oil throughout the Community. With no further strikes, production will recover to an estimated 252 million tons, still 7% below the 1973 level. As a result, EC coal imports are expected to rise from 39 million tons in 1974 to 54 million tons next year.

European Community
Coal Trends

1. Assuming a 2% annual increase in consumption,
1½% annual increase in production,
and 2-million-ton addition to stocks each year.

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The long-term energy plan of the EC Commission implies growth in coal consumption of 2% annually in 1976-78. Much of this rise in coal consumption also will have to be covered by imports, which are projected to reach 66 million tons in 1978. Little increase can be expected in EC coal output beyond the 1975 level. Indeed, the EC Commission judges that merely halting the long-term decline calls for a doubling of mining investment from the 1973 level—an increase that will not take place unless European governments provide special incentives. Even the current high prices for coal do not compensate for the high costs of extraction in some instances. Investment in the industry will drop by as much as one-third in 1975 unless governments act promptly.

Although loath to become heavily dependent on a single coal source, the EC countries will have to turn to the United States to cover much of the rise in

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Secret**EC Coal Imports**

	Million Tons				
	1970	1971	1972	1973	1974
Total	32.8	31.1	31.6	29.8	39.0
United States	15.5	13.8	13.0	10.7	13.0
Poland	10.3	9.7	10.8	12.2	16.0
Soviet Union	4.3	3.9	3.6	3.3	3.3
Australia	0.7	2.2	2.8	2.0	2.9
Other countries	2.0	1.5	1.4	1.6	3.8

requirements. Purchases from Poland, now the largest source, are expected to grow from 16 million tons in 1974 to perhaps 24 million tons by 1978. The EC will run into stiff competition from Japan in obtaining more coal from Australia. Imports from the USSR may decline because of the growing need for coal in the USSR and Eastern Europe.

EC industrial users already are negotiating long-term contracts with US coal producers. They have offered long-term loans for expanding US coal output and have bought into several mining operations. All told, the deals already signed or under negotiation could raise annual purchases from the United States to 32 million tons over the next three years.

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Publication of Interest*

Communist Aid and Trade Activities in Less Developed Countries,
November 1974
 (ER RP 74-25, December 1974,)

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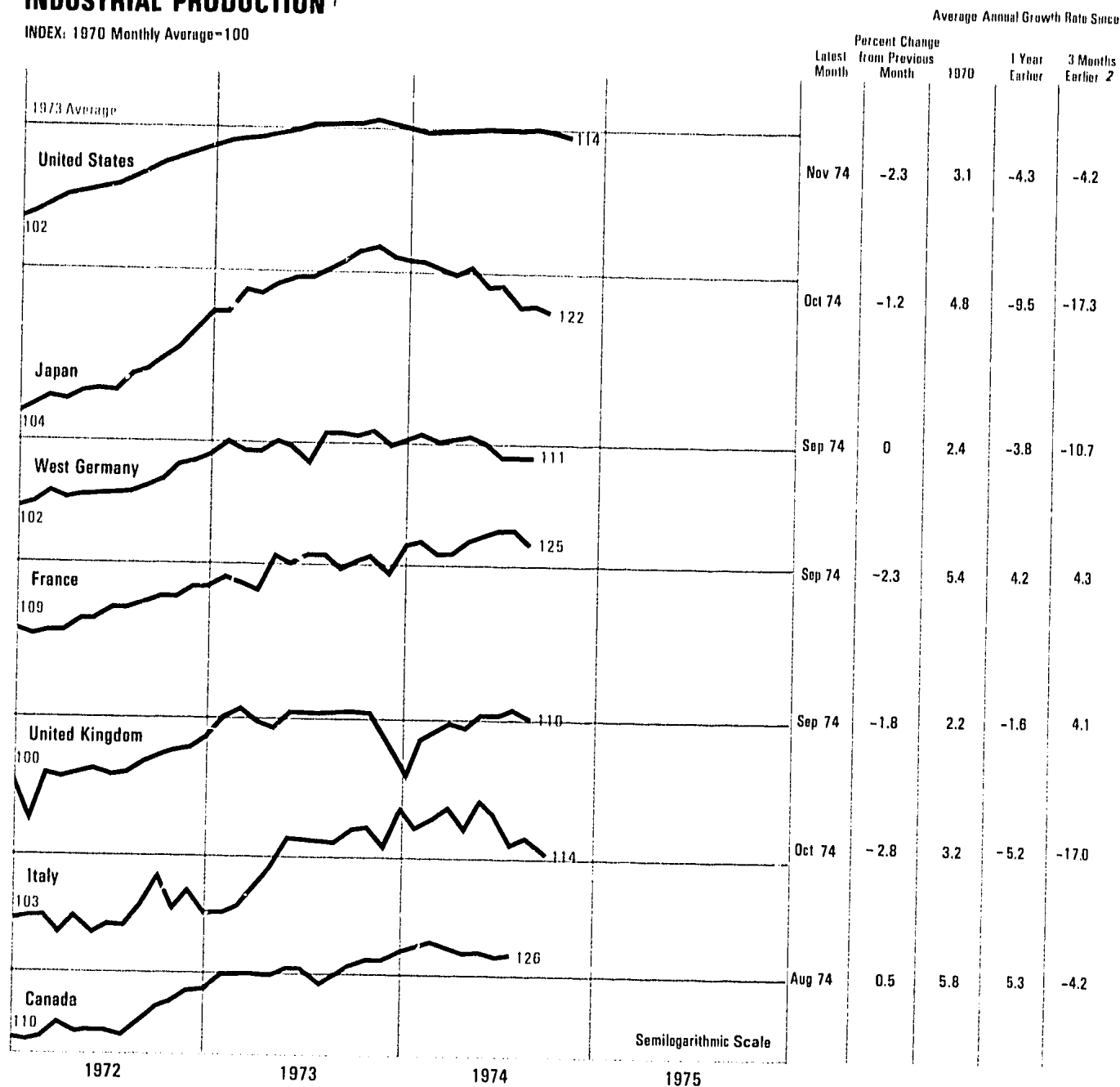
This month's publication features developments in Communist economic and military aid programs in Near Eastern and South Asian countries and on the expansion of trade with Latin America.

25X1

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INDUSTRIAL PRODUCTION

INDEX: 1970 Monthly Average=100

**GNP**

Constant Market Prices

	Latest Quarter	Average Annual Growth Rate Since			
		Percent Change from Previous Quarter	1970	1 Year Earlier	Previous Quarter
United States	74 III	-0.5	3.2	-2.2	-2.1
Japan	74 III	-0.2	5.3	-3.9	-0.8
West Germany	74 II	-0.7	3.1	1.1	-2.9
France	73 IV	1.7	5.8	6.0	7.0
United Kingdom	74 III	1.0	2.7	0.6	4.2
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 III	0	5.3	4.1	0

RETAIL SALES

Constant Prices

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	-1.3	2.3	-5.7	-4.7
Japan	Jul 74	-3.1	1.0	-11.0	9.4
West Germany	Aug 74	-3.6	1.4	-4.5	-12.6
France	Jun 74	-6.7	-0.8	-1.0	-8.9
United Kingdom	Nov 74	0.4	2.8	-0.1	8.5
Italy	Jun 74	4.6	6.3	10.2	-17.0
Canada	Sep 74	-3.7	4.5	3.4	5.6

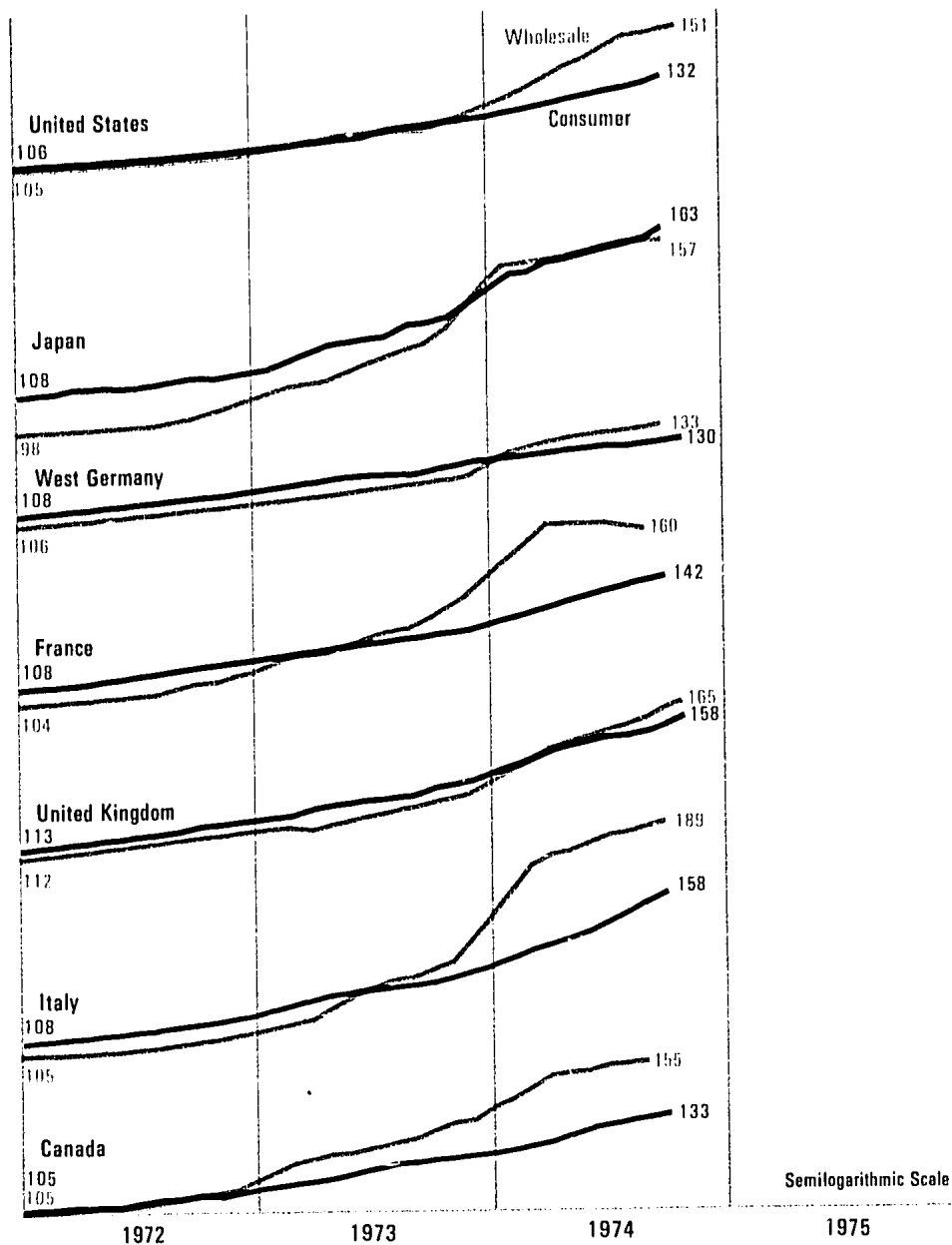
Office of Economic Research/CIA
18 DECEMBER 1974

A-1

Note: US data provided by US government agencies
Footnotes appear on page A-4.

DOMESTIC PRICES³

INDEX: 1970 Monthly Average=100



Average Annual Growth Rate Since

Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
Nov 74	0.6	9.8	27.4	10.8
Oct 74	0.9	6.6	12.2	13.9
Oct 74	0.4	11.0	28.7	6.6
Oct 74	2.3	12.0	26.2	21.7
Oct 74	0.6	6.9	14.6	5.3
Nov 74	0.7	6.1	6.5	6.4
Sep 74	1.0	11.8	27.9	7.1
Oct 74	1.2	8.5	14.9	13.1
Nov 74	1.7	12.1	27.9	24.8
Nov 74	1.8	11.0	18.3	21.2
Oct 74	0.9	16.0	44.9	11.8
Oct 74	2.1	11.2	25.7	33.5
Sep 74	0.3	11.0	22.2	11.8
Oct 74	0.9	6.8	11.6	10.4

MONEY SUPPLY¹

Average Annual Growth Rate Since

	Latest Month	Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier ²
United States	Oct 74	0.4	5.8	5.7	2.2
Japan	Aug 74	-1.0	16.8	13.1	15.6
West Germany	Sep 74	0.9	9.2	9.7	12.6
France	Jul 74	-3.3	11.4	8.1	10.8
United Kingdom	Oct 74	1.5	8.5	5.3	8.5
Italy	Jun 74	2.4	20.8	16.6	19.6
Canada	Oct 74	0	11.6	5.8	-7.0

WAGES IN MANUFACTURING^{1,4}

Average Annual Growth Rate Since

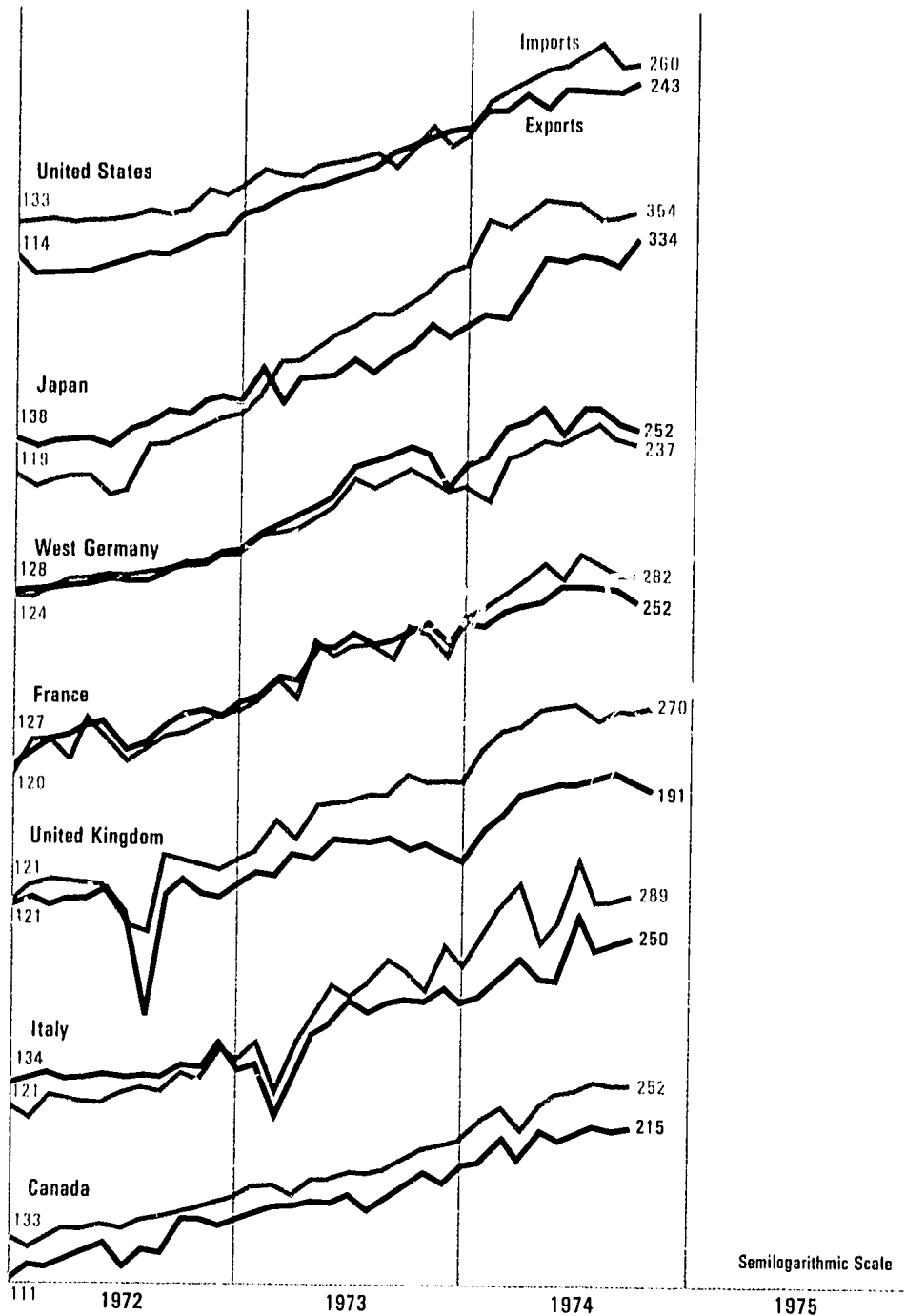
	Latest Month	Percent Change from Previous Period	1970	1 Year Earlier	3 Months Earlier ²
United States	Sep 74	1.1	7.1	11.0	13.4
Japan	Aug 74	-2.1	22.6	39.7	59.8
West Germany	74 II	3.1	11.4	12.7	13.1
France	74 III	6.0	13.8	20.5	26.4
United Kingdom	Aug 74	6.6	14.2	16.2	33.3
Italy	Aug 74	3.0	17.9	20.7	25.7
Canada	Aug 74	1.6	10.0	15.2	16.9

18 DECEMBER 1974

A-2

FOREIGN TRADE¹

INDEX: 1970 Monthly Average=100 (f.o.b./l.o.b.)



Latest Month	Cumulative (Million US \$)			
	Million US \$	1974	1973	Change
Oct 74	8,665 8,635	80,246 82,557	57,012 56,460	40.7% 46.2%
Balance	30	-2,317	552	-2,869
Oct 74	5,277 4,427	44,276 43,882	29,169 25,799	51.8% 70.1%
Balance	854	393	3,370	-2,977
Oct 74	7,195 5,550	73,150 53,563	55,688 42,345	31.4% 26.5%
Balance	1,644	19,587	13,343	6,244
Oct 74	3,784 4,207	38,090 41,605	30,215 29,043	26.1% 43.3%
Balance	-423	-3,515	1,172	-4,697
Nov 74	3,016 4,258	32,760 44,004	25,662 30,739	27.7% 43.2%
Balance	-1,242	-11,244	-5,077	-6,167
Oct 74	2,758 3,227	24,681 30,715	17,881 19,968	38.0% 53.8%
Balance	-469	-6,033	-2,087	-3,946
Oct 74	2,875 2,798	26,992 26,177	20,689 18,941	30.5% 38.2%
Balance	78	815	1,748	-933

BASIC BALANCE⁵

Current and Long-Term-Capital Transactions

	Latest Period	Cumulative (Million US \$)			
		Million US \$	1974	1973	Change
United States ¹	74 II	-2,740	-954	-2,164	1,210
Japan	Oct 74	436	-8,633	-6,978	-1,855
West Germany	Oct 74	877	5,935	8,236	-2,301
France	74 II	-826	-1,272	-515	-757
United Kingdom	74 II	-1,297	-2,951	-868	-2,083
Italy	74 I	-2,037	-2,037	-872	-1,164
Canada	74 II	-445	-613	-6	-608

OFFICIAL RESERVES

	Latest Month	Billion US \$		
		End of	1 Year Earlier	3 Months Earlier
United States	Oct 74	15.9	14.5	14.4
Japan	Nov 74	13.7	4.1	13.2
West Germany	Nov 74	35.4	8.8	34.1
France	Oct 74	8.9	4.4	10.1
United Kingdom	Nov 74	7.8	2.8	6.6
Italy	Oct 74	6.9	4.7	6.2
Canada	Nov 74	5.8	4.3	5.7

18 DECEMBER 1974

A-3

MONEY-MARKET RATES

	Representative Rates	Latest Date	Percent Rate of Interest		
			1 Year Earlier	3 Months Earlier	1 Month Earlier
United States	Dealer-placed finance paper	Dec 4	9.22	8.25	11.78
Japan	Call money	Nov 22	13.00	9.25	13.50
West Germany	Interbank loans (3 months)	Dec 4	8.63	13.00	9.40
France	Call money	Nov 29	12.00	11.25	13.38
United Kingdom	Sterling interbank loans (3 months)	Dec 4	12.64	15.50	12.09
Canada	Finance paper	Dec 4	10.53	9.13	11.93
Eurodollars	Three-month deposits	Dec 4	10.81	10.48	12.98

EXPORT PRICES

National Currency

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	1.0	12.9	26.5	33.9
Japan	Oct 74	-0.1	10.7	36.8	14.1
West Germany	Sep 74	-0.2	5.7	20.9	22.5
France	Jun 74	3.3	11.1	28.5	42.5
United Kingdom	Oct 74	0.8	13.4	30.4	10.4
Italy	Jul 74	3.9	15.4	42.8	43.4
Canada	Jul 74	1.7	12.4	38.3	13.5

IMPORT PRICES

National Currency

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	0.5	19.4	49.7	18.9
Japan	Oct 74	0.8	16.7	72.9	12.0
West Germany	Sep 74	-1.1	7.0	32.6	9.9
France	Jun 74	0	15.6	61.5	37.0
United Kingdom	Oct 74	1.5	21.0	46.4	16.9
Italy	Jul 74	-2.4	24.8	68.5	7.3
Canada	Jul 74	1.8	11.6	32.5	39.7

EXPORT PRICES

US \$

	Latest Month	Average Annual Growth Rate Since			
		Percent Change from Previous Month	1970	1 Year Earlier	3 Months Earlier
United States	Oct 74	1.0	12.9	26.5	33.9
Japan	Oct 74	-0.1	15.6	21.5	-4.1
West Germany	Sep 74	-1.7	14.0	10.0	0.3
France	Jun 74	2.5	14.7	11.5	33.5
United Kingdom	Oct 74	1.2	12.6	24.9	-0.6
Italy	Jul 74	4.8	14.6	28.6	35.7
Canada	Jul 74	0.7	14.3	41.5	9.4

EXCHANGE RATES

Spot Price

As of 13 Dec 74

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 71	19 Mar 73	6 Dec 74
Japan (yen)	0.0033	20.70	2.56	-12.44	-0.30
West Germany (Deutsche mark)	0.4063	61.61	30.94	14.74	0.67
France (franc)	0.2188	8.37	11.12	-0.73	0.83
United Kingdom (pound sterling)	2.3130	-17.11	-11.23	-6.01	-0.69
Italy (lira)	0.0015	-5.37	-11.92	-14.41	0.60
Canada (dollar)	1.0136	9.89	1.58	1.59	0.07

TRADE-WEIGHTED EXCHANGE RATES⁶

As of 13 Dec 74

	Percent Change from			
	Dec 66	18 Dec 71	19 Mar 73	6 Dec 74
United States	-15.53	-6.20	0.41	-0.16
Japan	11.61	-1.90	-13.71	-0.43
West Germany	33.30	16.13	11.04	0.04
France	-16.61	-3.21	-5.67	0.31
United Kingdom	-38.98	-24.50	-9.93	-1.19
Italy	-30.66	-29.23	-22.22	0.02
Canada	7.18	0.53	2.24	0.06

FOOTNOTES FOR WEEKLY INDICATORS

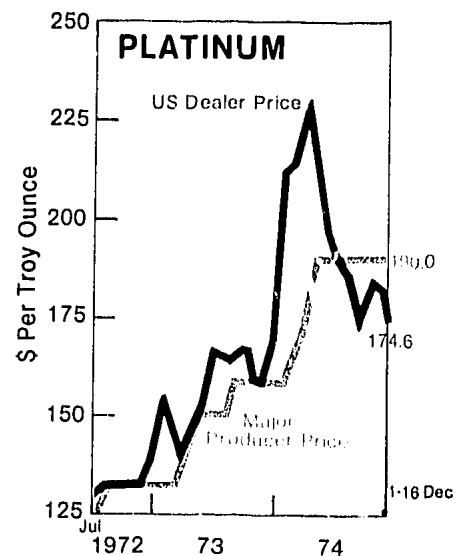
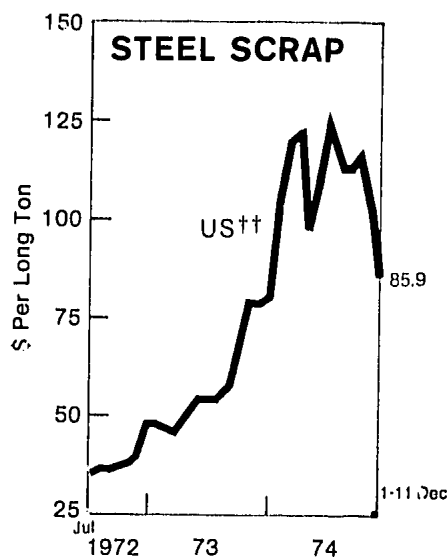
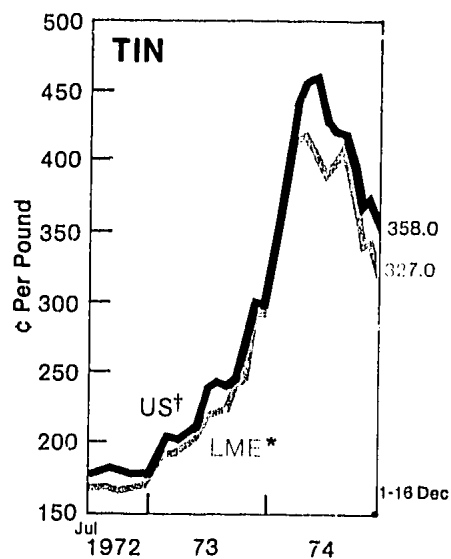
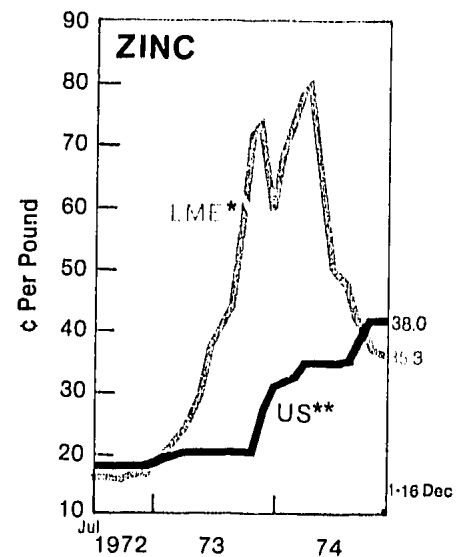
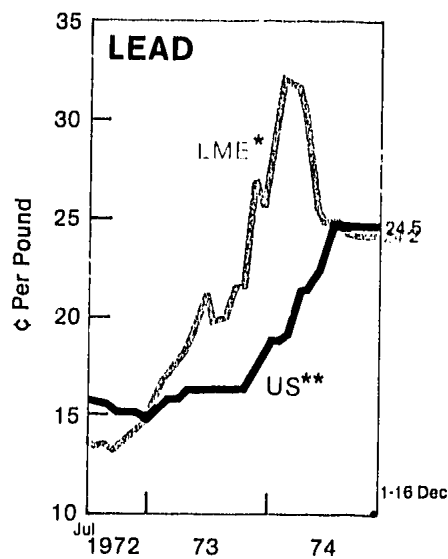
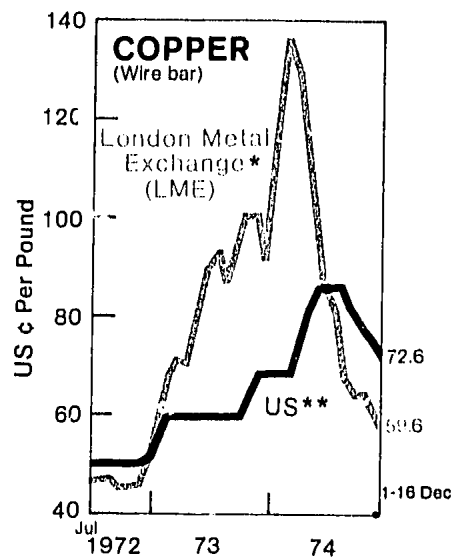
- Seasonally adjusted.
- Average for latest 3 months compared with average for previous 3 months.
- Wholesale price indexes cover industrial goods.
- Hourly earnings for the United States, Japan, and Canada; hourly wage rates for others. West German and French data are for the beginning of the quarter.
- Converted to US dollars at the current market rates of exchange.
- Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange rate variations among the major currencies.

18 DECEMBER 1974

A-4

METAL PRICES

(Monthly Average Price)

**COMMODITIES****Cash Prices**

	16 Dec	Week Ago	Nov 74 Average	Dec 73 Average
Copper-LME (¢ per pound)	56.9	60.3	64.1	101.3
Copper-US (¢ per pound)	72.6	72.6	75.6	65.7
Lead-LME (¢ per pound)	24.2	24.4	24.2	27.0
Lead-US (¢ per pound)	24.5	24.5	24.5	17.7
Zinc-LME (¢ per pound)	35.0	35.5	36.0	73.8
Zinc-US (¢ per pound)	38.0	38.0	38.0	27.4
Tin-LME (¢ per pound)	326.9	327.7	335.5	294.7
Tin-US (¢ per pound)	354.2	358.5	371.0	300.5
Steel scrap (\$ per long ton)	N.A.	86.5	102.2	79.1
Platinum-US dealer (\$ per troy ounce)	167.5	176.0	177.3	158.5
Platinum-US producer (\$ per troy ounce)	190.0	190.0	190.0	158.0

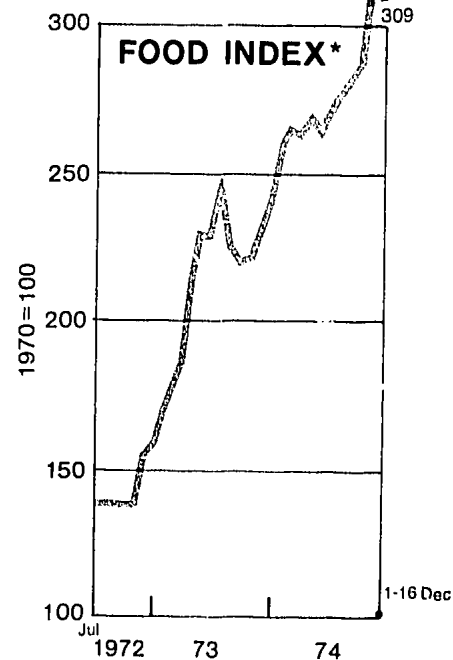
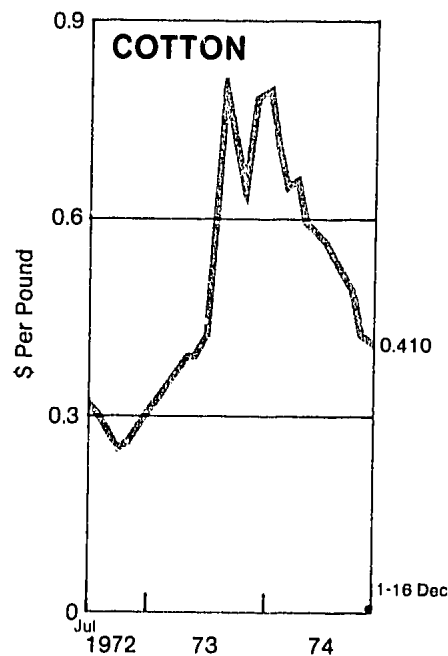
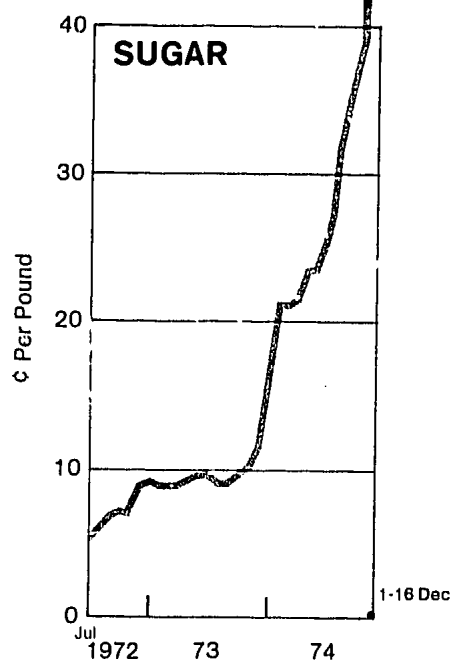
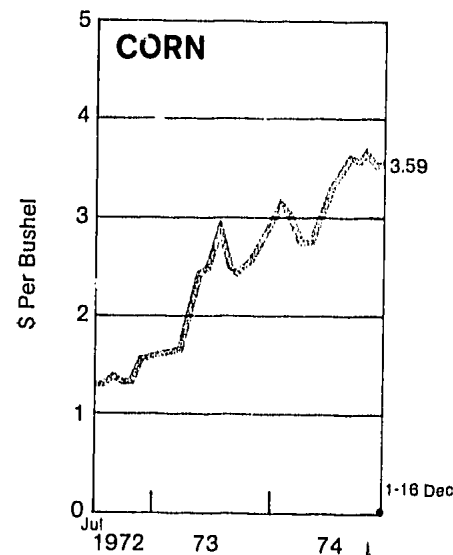
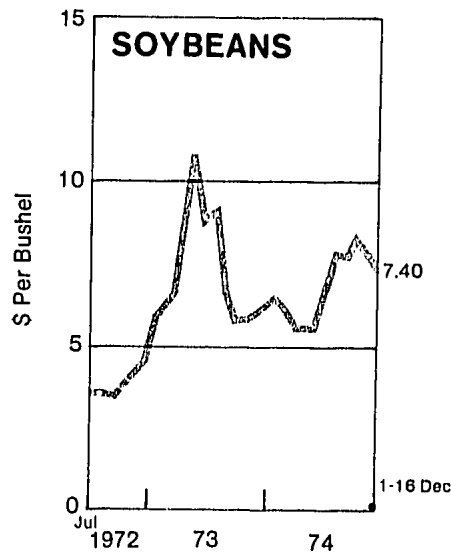
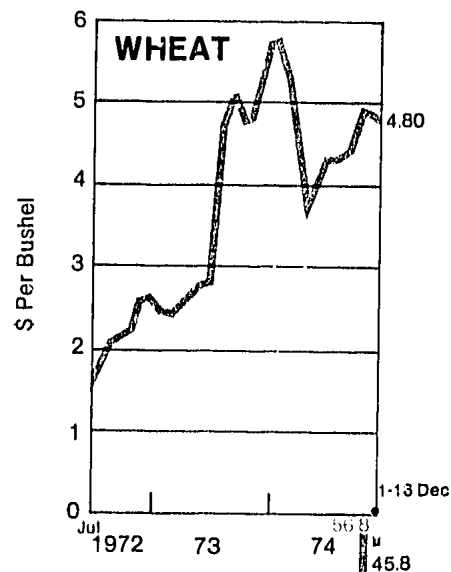
*Approximates world market price frequently used by major world producers and traders, although only small quantities of these metals are actually traded on the LME.

**Producers' price, covers most primary metals sold in the United States.

† Quoted on New York market. †† Composite price for Chicago, Philadelphia, and Pittsburgh.

AGRICULTURAL PRICES

(Monthly Average Price)



* This is a compiled index by the Economist for 16 food commodities which enter international trade. Commodities are weighted by 3-year moving averages of imports into industrialized countries.

COMMODITIES**Cash Prices**

	16 Dec	Week Ago	Nov 74 Average	Dec 73 Average
Wheat-Kansas City #2 Hard Winter (\$ per bushel)	4.68	4.73	4.88	5.73
Corn-Chicago #2 Yellow (\$ per bushel)	3.57	3.54	3.51	2.64
Soybeans-Chicago #1 Yellow (\$ per bushel)	7.41	7.18	7.67	5.95
Sugar-World Raw New York #11 (¢ per pound)	42.25	46.50	56.80	11.80
Cotton-Memphis 1 1/8 (\$ per pound)	0.3940	0.4155	0.4190	0.7840

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A-6